



Louisiana
Department of Insurance
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NEWS

PRESS RELEASE

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First Wave of Insurance Policies To Be Removed From LA Citizens

More than 26 thousand policyholders have the option of leaving Citizens

The four insurance companies participating in the Insure Louisiana Incentive Program and another insurer have started the process of removing property insurance policies from the Louisiana Citizens Property Insurance Corporation (Citizens). A total of 26,595 policies have been selected to be removed from Citizens by ASI Lloyds, Imperial Fire & Casualty Insurance Company, Occidental Fire & Casualty Company, Southern Fidelity and non-Incentive Program insurer Americas Underwriting Agency.

This depopulation of Citizens is a direct result of the Insure Louisiana Incentive Program, created by the Legislature in 2007 to increase the availability of property insurance in Louisiana and to decrease the business written through Citizens. The Incentive Program provides matching grants of \$2 to \$10 million to qualified insurance companies who write new property insurance policies in the state under the strict requirements of the program.

Commissioner of Insurance Jim Donelon reports that the process has worked so smoothly for the depopulation insurers that several of the companies have indicated they may want to participate in a second wave of depopulation toward the end of this hurricane season. Approximately 144,000 property insurance policies remain in Citizens.

Here's how the depopulation process has worked:

- The depopulation companies worked with insurance agents (producers) in March and April 2008 to pick which individual policies they wanted to remove from Citizens.
- The depopulation insurers gave their lists of selected policies back to Citizens by May 1.

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- Citizens and the depopulation insurers formally notified producers and policyholders by June 1 which policies had been selected for take out.
- Citizens policyholders selected for take out by a depopulation insurer are given the option of moving to the new insurer upon renewal or staying with Citizens.

Total number of policies selected for removed from Citizens by company:

ASI	2,193
Imperial	2,284
Occidental	5,796
Southern Fidelity	16,010
<u>Americas</u>	<u>312</u>
TOTAL	26,595

Parishes with the largest number of policies selected for take out from Citizens:

Jefferson	5,470
Orleans	3,692
St. Tammany	3,682
Iberia	1,286
Vermilion	963
St. Mary	915

Commissioner Donelon says the Incentive Program is successful in not only removing policies from Citizens but also in increasing the number of insurance policies being written in the voluntary market. “These four Incentive Program companies are either now writing or will soon begin writing new insurance policies statewide. That’s good news for

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consumers because we need increased competition in our property insurance market. More choices lead to better prices.”

Additionally, Commissioner Donelon pointed out that legislation is making its way through the process to authorize a third round of grant money for the Insure Louisiana Incentive Program. He has been approached by several companies interested in participating in the program should that come to pass.

Also making its way through the process is a bill to double the limits of the Louisiana Insurance Guaranty Association (LIGA), which provides a safety net of protection for policyholders whose companies become insolvent. This is important because these companies are not household names though they have met the substantial solvency requirements spelled out in the Incentive Program. But policyholders will have the additional protection of these new, much higher levels of security offered by LIGA.